

A PLAIN ENGLISH GUIDE TO CHICAGO'S CAMPAIGN FINANCING AND POLITICAL CONTRIBUTION RESTRICTIONS



Introduction

Chicago's Governmental Ethics Ordinance (Chapter 2-156 of the Municipal Code), has a "pay-to-play" law. This law and various Mayoral Executive Orders limit or prohibit political contributions from certain persons or entities to any candidate for elected City office, including incumbents running for re-election and challengers. (These limits also apply to City officials or employees who seek election to any other office.) The Ordinance also prohibits certain political contributions, and provides for fines for excess contributions. This Guide highlights the restrictions.

Note: Various Mayoral Executive Orders prohibiting certain persons or entities from contributing to the Mayor or her political committee. The Board of Ethics is not authorized to give binding advice as to these Orders, but this Guide explains them.

To the extent this Guide differs from the language of the Ordinance or Mayoral Executive Orders, the language of the Ordinance or Orders controls. A complete copy of the Ordinance is available at www.chicago.gov/Ethics or by contacting our office.

Get Advice: We are Here to Help

For confidential advice or guidance about a specific situation, we urge you to contact the Board of Ethics for a **confidential** advisory opinion before making or accepting any questionable political or campaign contributions.

Persons who receive Board advisory opinions may rely on them in the event of an investigation into potential Ordinance violations.

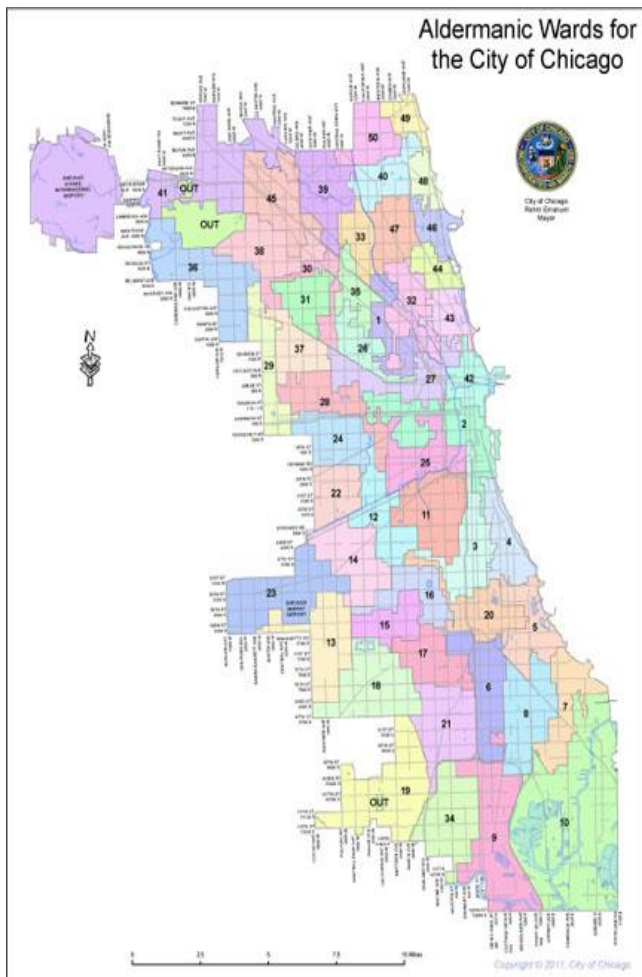
Note: The Board of Ethics does **not** regulate or administer elections, or the Illinois Election Code. Please contact the [Board of Election Commissioners for the City of Chicago](http://www.cityofchicago.org/BoardofElectionCommissioners), or consult qualified election counsel, with questions about elections, candidates' petitions, ballot challenges, or associated filings or deadlines.

All Candidates and Elected City Officials Must File Statements of Financial Interests Annually with the Board

The Ordinance requires all candidates seeking election to City office to file a Statement of Financial Interests with the Board of Ethics within 5 days of qualifying as a candidate for office, and each year thereafter until they leave office.

There is no filing fee. This filing is *in addition to* the requirement that candidates file Statements of Economic Interests with the Cook County Clerk. But it is the only form that must be filed with the Board of Ethics by candidates for elected City office.

The Board makes public the names of all who fail to timely file these forms. Violators are subject to fines of \$250 per day until they file, and posts all filed Statements of Financial Interests on our website, where they remain for seven (7) years after they were filed.



Prohibited Contributions



Under the Governmental Ethics Ordinance, the following are **illegal**:

→ Anonymous contributions, or contributions given in any name other than that of the true donor (pseudonymous contributions).

→ Contributions or other things of value (like gifts) based on an implicit or explicit understanding that the candidate's votes, official actions, decisions, or judgments if elected would be influenced thereby. This prohibition covers not only contributions to candidates for elected City office, or their official candidate committee, but also applies to their spouses, domestic partners, or immediate family or relatives residing in the same residence. (Note: this is also an anti-bribery law. Bribery is a criminal act, and the Board refers any case involving bribery to the appropriate law enforcement agency.)

→ Cash contributions in an amount over \$250. The Board has determined that cash means currency, money orders and cashiers' checks – personal checks or credit card payments are not cash.

→ Intentionally offering, making, soliciting, or accepting political contributions on City property.

Campaign Contribution Limits

Under City law, certain persons or entities may not contribute more than \$1,500 in a calendar year to any single candidate for City elected office (or to a City elected official), or to any City official or employee who is seeking election to any other office. Contributions made to a candidate's or official's authorized political (or "candidate") committee for City elected office are considered contributions to that candidate or official.

Persons or entities subject to this \$1,500 per candidate per calendar year contribution limitation are:

- Lobbyists registered with the Board of Ethics;
- Persons *doing business** within the preceding four calendar years with, **or** persons *seeking to do business*** with, the:
 - City of Chicago; or
 - Chicago Transit Authority; or
 - Board of Education; or
 - Chicago Park District; or
 - Chicago City Colleges; or
 - Metropolitan Pier and Exposition Authority.

* **"Doing business"** means any one or any combination of sales, purchases, leases, or contracts to, from or with the City or

any City agency in an amount in excess of \$10,000 in any 12 consecutive months.

** **"Seeking to do business"** means:

(1) taking any action within the past six months to obtain a contract or business from the City when, if such action were successful, it would result in the person's doing business with the City, and the contract or business sought has not been awarded to any person; or

(2) any matter that was pending before the City Council or any City council committee in the six months prior to or after the date of the contribution if the matter involved the award of loan funds, grant funds or bond proceeds, bond inducement ordinances, leases, land sales, zoning matters, the creation of tax increment financing districts, concession agreements or the establishment of a Class 6(b) Cook County property tax classification.



Run-Off Elections

The Board has determined that run-off elections constitute the **same candidacy** as Consolidated Municipal Elections. Thus, a person subject to the \$1,500 per candidate/per calendar year limit who donates \$1,500 to a candidate in January 2019 may not then donate more to this candidate in 2019, even if the candidate is in a run-off in April 2019.



Determining Whether a Contributor is Doing or has Done Business with the City or other Named “Sister” Government Agencies

The Ordinance requires the City's Department of Assets and Information Services to maintain an internet-accessible database of all contractors who did business during the preceding four reporting years with the City, Chicago Transit Authority, Board of Education/Chicago School Reform Board of Trustees, Chicago Park District, Chicago City Colleges and the Metropolitan Pier and Exposition Authority.

Thus, the Board recommends that this database be searched when there is a question as to whether a contributor whose contributions in a single calendar year would exceed \$1,500 to a particular candidate or committee **before** any amount above \$1,500 is accepted – and that the results of this search be saved. The Ordinance provides that there shall be a presumption that any person who reasonably relies on this list to comply with the Ordinance is not in violation if the purported violation is related to the identity of any contractor.

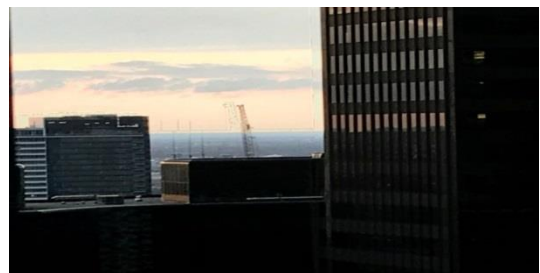
You can access this list through the Board's [website, here](#).

The Rules of Aggregation: What About Contributions from Companies and/or their Subsidiaries or “Affiliated Entities,” Including LLCs, and/or Employees?

The Ordinance provides that an entity and its subsidiaries, parent company or otherwise “affiliated” companies or entities, such as LLCs, are considered the same person for purposes of the \$1,500 per candidate/per year limitation.

However, any of their employees, officers, directors and partners who make a political contribution are considered the same person as the entity or its affiliates *only* if they are reimbursed by the entity or its affiliates. In other words, employees, officers, directors and partners of firms or entities subject to the Ordinance's \$1,500 per candidate/per calendar year contribution limitation are not considered the same “person” as the firm or entity *unless they are reimbursed by the firm or entity for the contribution*.

Note, however, that the Ordinance *prohibits pseudonymous* contributions – contributions made in the name of another. An individual who is reimbursed for a political contribution to a City elected official or candidate but who does not disclose this to the candidate's political committee violates that law.



What is an “Affiliated” Entity?

The Board employs a common control test, similar to that used by the Federal Election Commission. For example, different LLCs with the same members or corporations sharing the same directors and majority shareholders, or that operate out of the same address, will likely be considered “affiliated entities.”

For further information about "affiliated" entities, please see this Board [advisory opinion](#). For specific guidance, please contact the Board.



Contributions to Regular Party Ward Committees or Other Political Action Committees

The Board has addressed situations in which a person subject to the Ordinance's \$1500 per candidate/per year limit wishes to contribute to a City elected official's (or challenger's) official candidate committee AND ALSO to a different committee, which is not organized to elect this individual to any particular office, say, for example, a Ward Regular Democratic Committee. In such cases, a contribution to that second, different committee would not be deemed a contribution to the candidate's official political committee unless either: (i) that second committee transfers or expends more than 50% of its total receipts for the calendar year to the official's official candidate

committee for elected City office; or (ii) the facts in an investigation show that this different, other committee is *de facto* a political fund-raising committee of the candidate for City office or election official. [See this Advisory Opinion](#).

Enforcement

Fines. Persons who knowingly make, solicit, or accept a contribution with knowledge that it violates these limits shall be subject to a fine of not less than \$1000 and up to the higher of \$5000 or three times the amount of each improper contribution.

Safe Harbor or “Cure” Period

The Ordinance also provides that any person who solicits, accepts, offers, or makes a contribution that would violate the \$1500 per candidate/per year limit shall not be deemed in violation if the excess amount of the contribution is returned to the contributor within 10 calendar days of the recipient's or contributor's knowledge of the violation. This typically means the date on which the persons are notified of an apparent violation by the Board of Ethics or Office of Inspector General. For more information, please see this [Board Advisory Opinion](#).

The Board and Inspector General actively enforce this law by checking contributions reported to the Illinois State Board of Elections against City records. Probable cause letters are sent to apparent violators.

Additional Restrictions in State Law

The Illinois Election Code (10 ILCS 5/1-1 et seq.) imposes additional reporting obligations on candidates' committees, and limits the amount of political contributions that natural persons, corporations, labor organizations and Political Action Committees may make. For guidance, please consult with a qualified election law attorney or contact the [Illinois State Board of Elections](#).

Note: even in City races where the limits set by the Illinois Election Code do not apply (where "the caps are blown," such as the race for Mayor in February and April 2019), these City limitations still apply.

Mayoral Executive Orders

Mayoral Executive Orders 2011-2, -3 and -4 provide that:

→ Lobbyists registered with the Board of Ethics may not make any political contributions to the Mayor or her political fundraising committee.

→ City employees and appointees, and contractors, subcontractors and their owners or owners' spouses or domestic partners also may not make any political contributions to the Mayor or her political fundraising committee. "Owners" means those who own more than 7.5% of the entity. "Contractor" is defined as any person with an agreement with the City that is: (i) formed under the authority of [chapter 2-92](#) of the City's Municipal Code for the purchase, sale or lease of real or personal property; or (iii) for materials, supplies, equipment or services

which are approved and/or authorized by City Council.

→ Contractors and subcontractors are also prohibited from coercing or compelling, or intimidating their employees to make a contribution to the Mayor or her political committee, or to "bundling" such contributions ("bundling" mean collecting contributions from more than one source and then having one person deliver them to the Mayor or her political committee).

For more information [see the Executive Orders](#).



Questions? This Plain English guide is intended to help you understand the City's campaign financing restrictions. **It is not a substitute for legal advice. For authoritative, confidential advice, please consult the Board of Ethics.**

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